
**Financial Institutions &
Insurance Committee**

SSB 6402

Brief Description: Giving landlords the flexibility to deposit landlord trust account funds in any financial institution.

Sponsors: Senate Committee on Financial Services, Insurance & Housing (originally sponsored by Senators Benton, Rasmussen, Winsley, Keiser and Kohl-Welles).

Brief Summary of Substitute Bill

- Allows a landlord to hold a tenant's security deposit in a credit union.
- Removes authority for a landlord to hold these funds with a licensed escrow agent.

Hearing Date: 2/24/04

Staff: Caroleen Dineen (786-7156).

Background:

Washington's Residential Landlord-Tenant Act (RLTA) governs the relationship between the renter of residential property (tenant) and the property owner or property owner's agent (landlord). The RLTA outlines the specific duties of the landlord and tenant and specifies their rights and remedies.

The Manufactured/Mobile Home Landlord-Tenant Act (MMHLTA) governs the relationship between the owners of mobile home parks (landlords) and owners of the manufactured and mobile homes (tenants) who lease space in a mobile home park. A "mobile home park" or "manufactured home community" is real property rented to others for the placement of two or more mobile homes, manufactured homes, or park models. As with the RLTA, the MMHLTA specifies the rights, duties and remedies of landlords and tenants in this rental relationship.

Both the RLTA and MMHLTA allow a landlord to require a tenant to pay a deposit as security for performance of the tenant's obligations in a lease or rental agreement. The landlord must promptly deposit the tenant's security deposit in a trust account maintained by the landlord in a bank, savings and loan association, mutual savings bank, or licensed escrow agent located in Washington.

Summary of Bill:

A landlord may hold a tenant's security deposit in a trust account maintained at a credit union located in Washington. In the RLTA and the MMHLTA statutes governing tenant security deposits, the list of financial institutions is replaced with a reference to the statutory "financial institution" definition. This definition includes state and national banks and trust companies, state and federal savings and loan associations, and state and federal credit unions.

The authority for a landlord to hold a tenant's security deposit in a trust account maintained with a licensed escrow agent located in Washington is removed from both the RLTA and the MMHLTA statutes.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.